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SUBJECT: A/S FRIED'S VISIT TO BOSNIA

Classified By: Ambassador Charles English. Reasons 1.4 (b), (d).

Summary

¶1. (C) During a December 4-5 visit to Sarajevo, EUR Assistant Secretary Daniel Fried met with Republika Srpska Prime Minister Milorad Dodik, Bosniak Presidency member Haris Silajdzic, Party for Democratic Action president Sulejman Tihic, Social Democratic Party president Zlatko Lagumdzija and High Representative Miroslav Lajcak. Interlocutors were unanimously upbeat (for the short term) in the wake of the recent political agreement and the initialing of Bosnia's Stabilization and Association Agreement with the EU.

¶2. (C) Summary continued. High Representative Lajcak said he believed that international pressure and the threat of isolation had caused Dodik to abandon confrontation. But the underlying political questions that caused the crisis remained unresolved, and Dodik could achieve de facto secession from Bosnia relatively easily. He urged the PIC not to close OHR in February. Milorad Dodik denied having made parallels between Kosovo and the RS, and asserted that such parallels are false. Dodik promised that the RS would maintain order after Kosovo independence, he would instruct SNSD deputies to support police reform legislation, and he would call publicly for Kosovo Serbs to stay and live peacefully in Kosovo. Haris Silajdzic was focused on "Belgrade's designs on Bosnia" and cataloged a dubious list of nefarious Serbian activities. He characterized Dodik as a "businessman not a nationalist" who is nonetheless being influenced by nationalism in Belgrade. Silajdzic said that until the resolution of Kosovo status, meaningful political reforms would not be possible. Tihic argued that Bosnia's fundamental problem was that the state lacked the credibility and autonomy required to sustain itself and state-level institutions lacked meaningful capabilities. Lagumdzija promised to play a more constructive role in opposition - to attack the governing coalition for not having fulfilled its promises, not for the compromises needed to move Bosnia toward Europe. End Summary.

Lajcak and the Quint

13. (C) At a December 4 dinner with High Representative Miroslav Lajcak, PDHR Raffi Gregorian and the French, German, and Italian Ambassadors A/S Fried began by observing that, only a few weeks ago, Bosnia seemed on the verge of serious instability. However, the police reform agreement and subsequent initialing of the Stabilization and Association Agreement (SAA) now seem to have put the reform agenda back on track. High Representative Lajcak agreed that the agreement had come at a crucial time in Bosnia's history. He acknowledged that the Mostar Declaration and the police reform action plan were political, rather than substantive documents but they nonetheless constituted a significant achievement since they represented the first time the political parties had reached consensus independently.

14. (C) Asked by A/S Fried why RS PM Milorad Dodik ultimately chose to compromise, Lajcak replied that he believed the threat of international isolation caused Dodik to reconsider confrontation. However, Dodik also realized that by accepting the action plan he could meet SAA conditionality while maintaining the RS Police. Lajcak added that both Dodik and Haris Silajdzic believe they can use the SAA to advance their competing interests; Dodik will use the agreement to call for the closure of OHR while Silajdzic will attempt to harness the EU accession process to his efforts to eliminate the RS.

15. (C) All participants expressed concern over Russia's recent disruptive role in Bosnia noting public statements by Vladimir Putin and FM Sergei Lavrov linking the RS to Kosovo status. Participants noted that Belgrade had initially echoed Russian rhetoric but had significantly moderated its stance since the delivery of the Quint demarche. German Ambassador Michael Schmunck predicted that there would be a serious confrontation with the Russians at the February PIC over the extension of OHR.

Lajcak on OHR Closure

16. (C) Lajcak stated that, given the seriousness of the recent crisis, it was inconceivable that the PIC would consider closing OHR in February. He noted that the underlying political problems that caused the political crisis remained unresolved. Lajcak emphasized that Dodik and the RS do not need a referendum to achieve de facto secession from Bosnia. As presaged by the recent crisis, SNSD could go into opposition and withdraw from state government. Such a decision would be perfectly constitutional but would result in the de facto disintegration of the state. OHR would be powerless to use the Bonn Powers against Dodik in that scenario. In that context, Lajcak urged Quint capitals to keep financial and travel sanctions against RS leaders as an option in the toolbox of responses to RS obstructionism.

17. (C) Lajcak explained that he would convene leaders of coalition political parties to resume discussion of constitutional reform next week. Noting that he is "against deadlines and commissions," Lajcak said that the political climate was not right for intensive engagement on constitutional reform and he would simply encourage a return to exploratory dialogue. Lajcak planned to leave negotiations to the parties for a period of approximately six months. Although the international community would eventually have to step in, he would let the parties "fight it out" in the meantime.

Dodik

18. (C) During a December 5 meeting with Republika Srpska (RS) Prime Minister Milorad Dodik, A/S Fried briefed on Kosovo developments, emphasizing that Kostunica and Tadic cannot prevent the inevitable. A/S Fried noted that Dodik can play an important and positive role in the coming months. If Dodik chose to demonstrate leadership and

statesmanship, he would have the gratitude of the United States and Europe.

¶9. (C) Dodik said he did not seek to exploit the Kosovo process to question the Bosnian state or advance a secessionist agenda. Bosnia and Herzegovina is indisputable, Dodik stated, and asked that the U.S. also not allow others to make the RS disputable. Some individuals in Bosnia hate the RS, just as some in the RS want to secede from Bosnia, Dodik said. The best solution is a Bosnia under Dayton in the EU and the most important goal now is signing the SAA. Bosnia's core political problems can be resolved at a later date, Dodik said.

¶10. (C) Dodik stated that he was prepared to publicly call for Kosovo Serbs to remain in Kosovo and live in peace. Regardless of the outcome of Kosovo negotiations, the RS will remain peaceful and stable. Kosovo independence would likely result in minor protests and demonstrations in the RS but the situation would remain under control and there will be no significant unrest. Dodik said that he was prepared to play a constructive role, including in public.

RS-Kosovo Parallels False

¶11. (C) Dismissing assertions that he had suggested any linkages between the future of the RS and Kosovo, Dodik said parallels between Kosovo and the RS are false. Developments over the last five or six days had proved this. The United States can be confident that RS leaders will not contribute to the problem. Dodik said that in the course of his frequent conversations with Kostunica he has concluded that the Serbian PM is conceptually unprepared for Kosovo independence. Nonetheless, Kosovo independence will create "lots of noise" in Serbia that will quickly die down, Dodik predicted, adding that Kosovo independence will become accepted in Serbia relatively quickly.

¶12. (C) A/S Fried urged Dodik to publicly refute parallels between Kosovo and the RS. In this way RS leaders could demonstrate that their entity is not an extremist creation and forestall attempts by Belgrade to manipulate the RS. Dodik asserted that he was in full control of the situation in the RS and Serbian leaders could never exert a destabilizing impact. Serbian extremists could attempt to send infiltrators to the RS but "we will find them," Dodik said.

Police Reform

¶13. (C) Dodik stated that he would instruct SNSD deputies to support legislation codifying the police reform action plan as long as it reflects the existing agreement which acknowledged the role of the RS Police. Dodik asserted that, during a December 4 meeting, Olli Rehn told him the implementation of police reform legislation would be sufficient to meet conditions for signing an SAA. Dodik said that talks between coalition parties next week would resolve outstanding issues regarding legislation and implementation timing. In this context the worst case scenario would see Bosnia signing an SAA by May or June of 2008.

Defense Reform

¶14. (C) A/S Fried urged Dodik to instruct the RS government also adopt a constructive approach to defense reform, particularly the issue of defense property transfers. Dodik asserted that the terms of the defense reform political agreement specified that the disposition of movable property was at the discretion of the entities with "full participation" of the armed forces. The Ambassador interjected that the agreement actually stated that the state was responsible for the disposition of defense property, with eighty percent of the proceeds going to the

entities. Dodik acknowledged that the state is ultimately responsible for liquidation, but that he had not focused on defense reform during the recent political crisis and he would consult with RS government experts.

¶15. (C) In summing up, Dodik committed to take three steps to demonstrate his commitment to stability and reform. First, he promised that the RS would maintain order and stability in the wake of a Kosovo independence declaration. Second, he would instruct SNSD deputies to support police reform legislation. Third, he would call publicly for Kosovo Serbs to stay and live peacefully in Kosovo.

Silajdzic

¶16. (C) At a separate meeting with A/ S Fried, Bosniak Presidency member and SNSD President Haris Silajdzic focused his concerns on Belgrade's intentions with respect to Bosnia. He asserted that Serbian intelligence services are active in Bosnia and that Belgrade is beginning to "dominate certain sectors close to Pale." Silajdzic embarked on a catalog of alleged RS actions that supported Belgrade's designs on Bosnia. He cited RS monitoring of military depots, the opening of new border crossing points and bridges across the Drina, and the issuing of weapons licenses to thirty thousand RS hunters as examples. At the same time there are 125 individuals guilty of war crimes at large in the RS. "Bosniaks do not want to push," Silajdzic said, but "the RS is busy."

¶17. (C) Silajdzic agreed with A/S Fried's assessment that initialing the SAA was a setback to any Serbian interests in Bosnia, but added it had not changed Belgrade's core interests. Serbia had hoped to maintain two parallel crises, one in Kosovo and one in Bosnia, Silajdzic said, but the political agreement had deprived Belgrade of its "RS card." He urged the allies to consider an acceleration of Bosnia's NATO accession process as another signal to Serbia. The closer Bosnia moves to the EU and NATO the better for the entire region, Silajdzic added. Once Bosnia has reached the point where it no longer needs to fear Belgrade only then can truly display its "talents and priorities." Serbia's own EU integration will also help this process.

¶18. (C) Asked by the Ambassador about police reform implementation, Silajdzic replied that he had two separate versions of draft legislation ready to table. Silajdzic stated that SBiH would insist that the RS police be disbanded under any future reformed national police framework.

Belgrade and Dodik

¶19. (C) A/S Fried asked whether Serbia's objectives were truly aligned with Dodik's. Silajdzic replied that Dodik enjoys his role as a "Serb hero" and would prefer to be at the helm of an independent RS than annexed to Serbia. Dodik will not acknowledge that he is fundamentally Bosnian and is not accepted by Belgrade, Silajdzic said. Dodik is a "businessman not a nationalist," but he is nonetheless being influenced by nationalism in Belgrade. It is crucial to keep Dodik engaged here in Bosnia with Sarajevo and with the West in order to "keep him away from Lavrov." Russian investment in the RS is fine, but whenever Dodik goes to Belgrade or St. Petersburg he "gets ideas," Silajdzic said.

¶20. (C) Asked whether Bosnian political leaders will be capable of maintaining the current political momentum, Silajdzic said that until the resolution of Kosovo status meaningful political reforms would not be possible. "Kosovo is killing us," Silajdzic said and, until the dust settles, it would be best to concentrate on innocuous economic issues. Sooner or later Bosnia would have to

tackle the core questions, but for the moment it is sufficient to stop any linkages of Kosovo and the RS.

Tihic Urges Continued International Engagement

¶21. (C) Tihic welcomed the sudden turn around in Bosnia's political environment, but cautioned that underlying differences among political leaders remained and would likely resurface as political leaders sought to implement the Sarajevo Action Plan and discussed constitutional reform. Tihic said that it was a tragedy for Bosnia that the U.S.-brokered package of constitutional amendments had not been adopted in April 2006. He dated Dodik's transformation from this moment, explaining that Silajdzic's rhetoric during and after the constitutional reform debate had created a new Dodik. Tihic noted that Silajdzic had calmed down in recent months, but doubted he would remain moderate indefinitely. Tihic also warned that Dodik was now so powerful in the RS that he felt he could defy everyone, including the international community. Tihic said that the international community should not give Dodik any more concessions than he was entitled to.

¶22. (C) Tihic argued that Bosnia's fundamental problem was that the state lacked the credibility and autonomy required to sustain itself. Bosnian state-level institutions were also young and lacked the capacity to perform the tasks assigned to them. Constitutional reform remained essential for Bosnia's prospects for EU and NATO membership, Tihic said. He urged the U.S. to reengage on constitutional reform but only after Kosovo has been resolved. Tihic also complained that the challenges posed by organized crime and corruption were growing, adding that politicians were increasingly linked to both. He praised the work of international prosecutors and judges in Bosnia, arguing that they were still needed. Tihic maintained that one reason Dodik and Silajdzic were uneasy with police reform was that they wanted to maintain political control over police in order to ensure that they were not investigated.

Lagumdžija Pledges Responsible Opposition

¶23. (C) SDP President Zlatko Lagumdžija pledged to A/S Fried that he would not continue to attack the coalition parties (in particular SDA and SBiH) for the compromises they accepted to assure implementation of the High Representative's October 19 measures. Rather, he said, SDP would focus on their failure to fulfill elements of the coalition's governance plan agreed to when the coalition first formed a government last spring. Lagumdžija emphasized deepening collusion among party leaders and key members, in particular Dodik, Silajdzic and SDA's Bakir Izetbegovic, over corrupt deals involving infrastructure such as highway construction. He welcomed the High Representative's plan to revive an Anti-Corruption Unit at OHR to investigate such networks. Finally, he predicted that efforts to launch constitutional reform would quickly founder, as the three ethnic groups were committed to such profoundly contradictory goals that the likelihood of common ground was extremely remote.

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